

FIS European Close

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	Previous Close	Current Close	% Change
Cape 1 month forward	16875	12625	-25.2%
Cape Q2 21	17200	15425	-10.3%
Cape Cal 22	15500	15300	-1.3%

	Previous Close	Current Close	% Change
Pmx 1 month forward	22200	17800	-19.8%
Pmx Q2 21	17575	15300	-12.9%
Pmx Cal 22	11900	11425	-4.0%

	Previous Close	Current Close	% Change
Smx 1 month forward	19625	17300	-11.8%
Smx Q2 21	16300	14750	-9.5%
Smx Cal 22	11350	11050	-2.6%

	Previous Close	Current Close	% Change
Brent	64.89	64.22	-1.0%
WTI	61.72	61.06	-1.1%
Iron ore	161.85	164.25	1.5%

Data Source FIS and Bloomberg

A big welcome back to the Chinese after their New year Celebrations. It was good to see that nothing has changed, and their love of iron ore remains as strong as ever. The index came in up 4.9% today (\$US 8.17%) to \$US 175.05 (Bloomberg, Fastmarkets). The DCE futures had previously closed before the NY RMB 1 below a key resistance and dutifully gapped above the RMB 1,073 on the open, to rally to a high of RMB 1,134. Offshore futures followed suit with a move \$US 6.00 higher on the open, suggesting the \$US 176.20 high will be tested in the coming days. Both the fundamental and the technical remain bullish, so providing the market does not overextend too fast in the coming days corrective moves lower should be well supported.

U.S HRC technical today. U.S. HRC Report 18/02/21 <https://fisapp.com/wp-content/uploads/2021/02/FIS-US-HRC-Technical-Report-18-02-21.pdf>

We highlighted the anomaly in the market with the Q2 Panamax two days ago. The butterfly had looked overextend to the downside at USD -3,000, with the obvious culprit looking like the Panamax. Major corrective moves in the freight complex look to have rebalanced the market, with the Fly closing the day at \$US -425. Having at one point been up to a high of \$US 775.

The Capesize index was down \$US 166 today, to \$US 15,690. After yesterday's rejection we knew the market would be vulnerable to further downside moves, however low volume on the corrective is generally considered as a bullish sign and wave analysis still supports this as being a corrective move rather than bearish. The response has been brutal with the March futures down \$US 4,250 (-25.2%) and the Q2 - 10.3%. Unbelievably, (and I cannot believe I am saying this) the futures have finished the day just above the key \$SD 12,464 level. Below this level the futures are considered as neutral, above this level we still have the potential for further tests to the upside. The March contract has closed on the low of the day, which does not instill confidence for tomorrow, suggesting market buyers may want to see price above tomorrows pivot point (\$US 13,625) before entering any speculative longs. Our only saving grace today comes from the morning report, where we highlighted that further downside moves below the USD 14,250 level would warn that the USD 13,330 support could come under pressure.

Based on the rebalancing of the Q2 butterfly, we already know that there has been no happy ending in the Panamax today. Incredibly, the index came in down \$US 422, having been up over \$US 3,000 yesterday, which can only be described as 'it's doing a Capesize'. The March futures closed out the day \$US 4,400 lower, at \$US 17,800 (-19.8%), if this were an equities market it would already be bearish on the wire. However, like the capes the march futures are hanging in there with key support at 15,629. The brave speculator probably needs to see the futures above the \$US 18,675 before looking to enter from the buyside, whilst the more cautious will want to see the futures above tomorrows pivot point at \$SD 19,266.

Compared to its big sisters, the Supramax March futures look like they are in a corrective phase, at just 11.82% lower. The index was up USD 1,100 with the futures down \$US 2,375, more importantly the disparity between the two is now less than 9%. We may have further test to the downside, but this still looks like a corrective wave 4, suggesting the move is countertrend.

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Upside move in the March futures tomorrow above the \$US 18,150 would indicate a momentum slowdown, suggesting we have the potential to test near-term resistance at USD 19,250. Likewise, below \$US 16,050 the futures could potentially trade at a discount to the index, targeting \$US 15,100.

We noted on the 12/02/21 that the Brent futures had a medium-term upside target at USD 65.48; this was achieved on the open with the futures trading to a high of \$US 65.52. On the morning report we stated that short-term moves above the USD 64.63 level would target USD 64.63, then USD 65.04. The futures hit the near-term target and reached a high of USD 64,80. finally we indicated that downside moves below USD 64.19 would target the USD 63.78, which was achieved. Nothing new on the wire today which leaves the futures vulnerable to the downside.